



State of Utah
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DIVISION OF OIL, GAS AND MINING

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11/043/004

April 3, 2000

TO: Wayne Hedberg, Minerals Permit Supervisor

FROM: Steve Schneider, O&G Audit Manager *Steve*

RE: 1999 Utelite Corporation Financial Statements

Per your request, I have reviewed the 1999 Utelite Corporation ("Utelite") financial statements. 1999 was a good financial year for the company, as Utelite's net income was the highest of the past six years.

The following financial information is provided for your review regarding 1999:

1. The current ratio decreased slightly to 3.02 from 3.12 in 1998. The 1999 current ratio is less than the December 1988 standard of 9.61, however Utelite still maintains a current ratio which is 152% higher than the Board's normal standard of 1.2 or greater.
2. The total liability to net worth ratio decreased in 1999 to .39 from .52, due to a reduction in liabilities and increase in net worth. The 1999 ratio is greater than the Board's December 1988 standard of .08 or less, but is far less than the Board's normal standard of 2.5 or less.
3. Net fixed assets decreased in 1999 by 4% due to depreciation in 1999 exceeding any additional new equipment. Fixed assets in 1999 are 217% above the 1988 level.
4. Tangible net worth increased by 13% in 1999 due to the realized profit. Tangible net worth is 154% above the 1988 level.
5. Utelite recorded improved net income in 1999 of \$439,607, in contrast to net income in 1998 of \$250,532. Net income averaged \$327,285 annually during the previous eleven years.

If you have any questions on the above comments or the attached financial ratios, please let me know.

Attachment

cc: John Baza

Utelite Financial Ratio Review

	12/88	12/89	12/90	12/91	12/92	12/93	12/94	12/95	12/96	12/97	12/98	12/99
CUR ASSETS/CUR LIABILITIES	9.61	12.39	8.46	8.08	17.56	6.24	2.77	2.43	2.16	2.36	3.12	3.02
Normal std of 1.2 or greater												
Board req'd 12/88 maintained												
TOTAL LIAB./NET WORTH	0.08	0.04	0.07	0.10	0.03	0.08	0.13	0.18	0.65	0.82	0.52	0.39
Normal std of 2.5 or less												
Board req'd 12/88 maintained												
FIXED ASSETS	\$603,208	\$711,737	\$973,650	\$1,141,181	\$942,346	\$856,031	\$1,485,834	\$1,426,262	\$2,773,550	\$2,299,158	\$2,002,510	\$1,912,495
Normal std of \$20 million												
Board did not require												
TANGIBLE NET WORTH	\$1,030,746	\$1,601,482	\$2,077,873	\$2,226,354	\$2,299,031	\$2,391,802	\$2,440,981	\$2,406,078	\$2,608,347	\$2,066,071	\$2,306,260	\$2,617,496
Normal std of \$10 million												
Board did not require												
NET INCOME	\$66,018	\$474,664	\$859,584	\$317,529	\$535,435	\$340,936	\$280,836	\$231,760	\$330,121	(\$387,276)	\$250,532	\$439,607
For information only												

SLS
4/3/2000